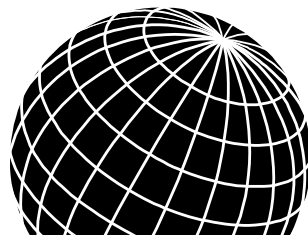


PINNACLE ENTERTAINMENT

FISCAL IMPACT ANALYSIS OF PROPOSED DEVELOPMENT

September 2008



MERIDIAN
Business Advisors

**Meridian Business Advisors
660 Sierra Rose Dr., Suite 2
Reno, NV 89511**

FISCAL IMPACT--5 YEAR SUMMARY*
PINNACLE ENTERTAINMENT

* 3 Years Construction + 2 Full Years Operating

Proposer's Estimates						
	<u>State</u>	<u>Unif. Govt.</u>	<u>Edwardsville</u>	<u>Bonner Springs</u>	<u>K-12 Schools</u>	
<u>REVENUE:</u>						
Gaming Rev. Sharing	\$ 282,304,001	\$ 35,288,000	\$ -	\$ -	\$ -	
Property Tax	507,000	52,989,000	-	-	-	
Sales/Use Tax	-	16,030,104	-	-	-	
Income Tax	-	-	-	-	-	
Lodging Tax	-	-	-	-	-	
Developer Contributions	-	4,000,000	-	-	-	
Total	\$ 282,811,001	\$ 108,307,104	\$ -	\$ -	\$ -	
<u>COSTS:</u>						
Law Enforcement	\$ -	\$ -	\$ -	\$ -	\$ -	
Public Works	-	4,000,000	-	-	-	
Education	-	-	-	-	-	
Fire Protection/EMS	-	-	-	-	-	
Total	\$ -	\$ 4,000,000	\$ -	\$ -	\$ -	
Surplus/(Deficit)	\$ 282,811,001	\$ 104,307,104	\$ -	\$ -	\$ -	

Consultant's Estimates						
	<u>State</u>	<u>Unif. Govt.</u>	<u>Edwardsville</u>	<u>Bonner Springs</u>	<u>K-12 Schools</u>	
<u>REVENUE:</u>						
Gaming Rev. Sharing	\$ 142,639,368	\$ 13,372,441	\$ 1,725,090	\$ 2,732,391	\$ -	
Property Tax	655,913	32,518,845	-	-	28,326,250	
Sales/Use Tax	24,026,000	10,199,717	-	-	-	
Income Tax	12,443,074	-	-	-	-	
Building Fees	-	515,704	-	-	-	
Lodging Tax	2,352,999	4,550,610	-	-	-	
School State Aid	-	-	-	-	-	
Developer Contributions	-	4,000,000	-	-	-	
Total	\$ 182,117,354	\$ 65,157,317	\$ 1,725,090	\$ 2,732,391	\$ 28,326,250	
<u>COSTS:</u>						
Law Enforcement	\$ -	\$ 3,727,780	\$ -	\$ -	\$ -	
Public Works	-	1,615	-	-	-	
Education	-	-	-	-	-	
Building Inspection	-	-	-	-	-	
Fire Protection/EMS	-	-	-	-	-	
Admin. Overhead	-	363,920	-	-	-	
Total	\$ -	\$ 4,093,315	\$ -	\$ -	\$ -	
Surplus/(Deficit)	\$ 182,117,354	\$ 61,064,002	\$ 1,725,090	\$ 2,732,391	\$ 28,326,250	

**FISCAL IMPACT--CONSTRUCTION
PINNACLE ENTERTAINMENT**

Opening Date-Permanent Facility

Jul-11

Proposer's Estimates: 2009-2011							
	<u>State</u>	<u>Unif. Govt.</u>	<u>Edwardsville</u>	<u>Bonner Springs</u>	<u>K-12 Schools</u>		
<u>REVENUE:</u>							
Gaming Rev. Sharing	\$ 86,714,540	\$ 10,839,317	\$ -	\$ -	\$ -		
Property Tax	169,000	17,663,000	-	-	-		
Sales/Use Tax	-	4,923,923	-	-	-		
Income Tax	-	-	-	-	-		
Lodging Tax	-	-	-	-	-		
Developer Contributions	-	4,000,000	-	-	-		
Total	\$ 86,883,540	\$ 37,426,240	\$ -	\$ -	\$ -		
<u>COSTS:</u>							
Law Enforcement	\$ -	\$ -	\$ -	\$ -	\$ -		
Public Works	-	4,000,000	-	-	-		
Education	-	-	-	-	-		
Fire Protection/EMS	-	-	-	-	-		
Total	\$ -	\$ 4,000,000	\$ -	\$ -	\$ -		
Surplus/(Deficit)	\$ 86,883,540	\$ 33,426,240	\$ -	\$ -	\$ -		
Voluntary Contributions to State and Local Governments:							
1. Road/streets, sewer/water and storm drains improvements estimated at \$4 million from 2009-11, 100% paid for by proposer. Development Agreement w/ UG indicates that developer will pay for all on-site infrastructure improvements and specific off-site improvements.							
Footnote: City and County numbers provided by Developer combined into UG.							

Consultant's Estimates: 2009-2010							
	<u>State</u>	<u>Unif. Govt.</u>	<u>Edwardsville</u>	<u>Bonner Springs</u>	<u>K-12 Schools</u>		
<u>REVENUE:</u>							
Gaming Rev. Sharing	\$ -	\$ -	\$ -	\$ -	\$ -		
Property Tax	-	-	-	-	-		
Sales/Use Tax	3,334,540	1,415,606	-	-	-		
Income Tax	1,331,258	-	-	-	-		
Building Fees	-	515,704	-	-	-		
Lodging Tax	-	-	-	-	-		
School State Aid	-	-	-	-	-		
Developer Contributions	-	4,000,000	-	-	-		
Total	\$ 4,665,797	\$ 5,931,310	\$ -	\$ -	\$ -		
<u>COSTS:</u>							
Law Enforcement	\$ -	\$ -	\$ -	\$ -	\$ -		
Public Works	-	-	-	-	-		
Education	-	-	-	-	-		
Building Inspection	-	-	-	-	-		
Fire Protection/EMS	-	-	-	-	-		
Admin. Overhead	-	-	-	-	-		
Total	\$ -	\$ -	\$ -	\$ -	\$ -		
Surplus/(Deficit)	\$ 4,665,797	\$ 5,931,310	\$ -	\$ -	\$ -		

FISCAL IMPACT: 2012-2013
PINNACLE ENTERTAINMENT

Proposer's Estimates					
	<u>State</u>	<u>Unif. Govt.</u>	<u>Edwardsville</u>	<u>Bonner Springs</u>	<u>K-12 Schools</u>
<u>REVENUE:</u>					
Gaming Rev. Sharing	\$ 195,589,461	\$ 24,448,683	\$ -	\$ -	\$ -
Property Tax	338,000	35,326,000	-	-	-
Sales/Use Tax	-	11,106,181	-	-	-
Income Tax	-	-	-	-	-
Lodging Tax	-	-	-	-	-
Developer Contributions	-	-	-	-	-
Total	\$ 195,927,461	\$ 70,880,864	\$ -	\$ -	\$ -
<u>COSTS:</u>					
Law Enforcement	\$ -	\$ -	\$ -	\$ -	\$ -
Public Works	-	-	-	-	-
Education	-	-	-	-	-
Fire Protection/EMS	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -
Surplus/(Deficit)	\$ 195,927,461	\$ 70,880,864	\$ -	\$ -	\$ -
Voluntary Contributions to Community and Governments (not included above):					
1. Minimum annual contribution of \$1 million to Wyandotte charities. One-time \$1 million contribution to Wyandotte charities. Source: Development Agreement with UG					
Footnotes:					
1. City and County numbers provided by Pinnacle Entertainment combined into Unified Government.					

Consultant's Estimates					
	<u>State</u>	<u>Unif. Govt.</u>	<u>Edwardsville</u>	<u>Bonner Springs</u>	<u>K-12 Schools</u>
<u>REVENUE:</u>					
Gaming Rev. Sharing	\$ 142,639,368	\$ 13,372,441	\$ 1,725,090	\$ 2,732,391	\$ -
Property Tax	655,913	32,518,845	-	-	28,326,250
Sales/Use Tax	20,691,461	8,784,111	-	-	-
Income Tax	11,111,817	-	-	-	-
Building Fees	-	-	-	-	-
Lodging Tax	2,352,999	4,550,610	-	-	-
School State Aid	-	-	-	-	-
Developer Contributions	-	-	-	-	-
Total	\$ 177,451,556	\$ 59,226,007	\$ 1,725,090	\$ 2,732,391	\$ 28,326,250
<u>COSTS:</u>					
Law Enforcement	\$ -	\$ 3,727,780	\$ -	\$ -	\$ -
Public Works	-	1,615	-	-	-
Education	-	-	-	-	-
Building Inspection	-	-	-	-	-
Fire Protection/EMS	-	-	-	-	-
Admin. Overhead	-	363,920	-	-	-
Total	\$ -	\$ 4,093,315	\$ -	\$ -	\$ -
Surplus/(Deficit)	\$ 177,451,556	\$ 55,132,691	\$ 1,725,090	\$ 2,732,391	\$ 28,326,250

Consultant's Comments:

		<u>2012</u>		<u>2012</u>
Proposer	GGR Estimate	\$ 401,456,200	Visitors	4,502,558
Consultants	GGR Estimate	\$ 193,239,000	Visitors	2,443,045

APPENDIX 1
PINNACLE ENTERTAINMENT
BUILDOUT ASSUMPTIONS AND ESTIMATED CONSTRUCTION COST

<u>YEAR</u>	<u>USE TYPE</u>	<u>SQUARE FEET CONSTRUCTED</u>	<u>ESTIMATED CONSTR. COST</u>	<u>ESTIM. CONSTR. MATERIALS COST</u>	<u>FF&E PURCHASES</u>
Year 1	Casino	33,333	\$ 18,972,391	\$ 6,843,251	\$ 3,316,525
	Hotel	160,444	91,320,378	32,938,824	97,626
	Restaurants	40,667	23,146,317	8,348,766	24,745
	Entertainment	50,103	28,517,401	10,286,090	30,487
	Retail	5,000	2,845,859	1,026,488	3,042
Subtotal		289,548	164,802,345	59,443,419	3,472,425
Year 2	Casino	66,667	31,365,354	14,770,790	36,663,862
	Hotel	320,889	150,971,800	71,096,689	19,542,625
	Restaurants	81,333	38,265,732	18,020,364	4,953,328
	Entertainment	100,207	47,145,264	22,201,975	6,102,744
	Retail	10,000	4,704,803	2,215,619	609,016
Subtotal		579,095	272,452,953	128,305,438	67,871,575
TOTAL		868,643	\$ 437,255,298	\$ 187,748,857	\$ 71,344,000

APPENDIX 1, ASSUMPTIONS:

1. The permanent development is estimated to open in July 2011.

However, construction schedule provided by the developer shows no construction expenses past 2010 and revenues for the development are estimated for the full year 2011, instead of 6 months. As a result, the analysis assumes the development will be completed in 2010 and will be fully operational by January 2011.

	Sq. Footage	Other Information
Casino	100,000	2,300 slot machines, 85 table games (includes 25 poker)
Hotel	481,333	500 guest rooms, both standard and premium
Restaurants	122,000	restaurants and bars
Entertainment	150,310	convention space/entertainment showroom
Retail	15,000	retail outlets and lifestyle center
Total	868,643	

Source: Developer's template.

2. Construction costs are estimated using above square footages and cost breakdown provided by Pinnacle in its template document:

	Land	Building	FF&E*	Total**
	\$ 55,700,000	\$ 381,555,298	\$ 71,344,000	\$ 508,599,298

*FF&E-furniture, fixtures and equipment, including gaming equipment which is allocated to casino.

**Total amounts do not equal investment amounts as the analysis excludes soft costs such as engineering, architecture, finance and administration costs for property tax calculation purposes.

Source: Developer's application/template

3. Construction materials cost estimated at **50%** of building costs. This cost is estimated for sales tax purposes. Source: Discussions with commercial developers in Nevada.

APPENDIX 2
PINNACLE ENTERTAINMENT
ESTIMATED PROPERTY TAX REVENUE AT
2007 PROPERTY TAX RATE

<u>YEAR</u>	<u>USE TYPE</u>	<u>EST. REAL PROPERTY VALUE</u>	<u>EST. PERSONAL PROPERTY VALUE</u>	<u>CUMULATIVE PROPERTY VALUE</u>	<u>CUMULATIVE ASSESSED VALUE</u>	<u>KANSAS CITY SCHOOL DIST. REVENUE</u>	<u>UNIFIED GOVERNMENT REVENUE</u>	<u>STATE OF KANSAS REVENUE</u>
Year 1	Casino	\$ 18,972,391	\$ 3,316,525	\$ 22,288,916	\$ 5,572,229			
	Hotel	91,320,378	97,626	91,418,004	22,854,501			
	Restaurants	23,146,317	24,745	23,171,061	5,792,765			
	Entertainment	28,517,401	30,487	28,547,887	7,136,972			
	Retail	2,845,859	3,042	2,848,901	712,225			
Subtotal		164,802,345	3,472,425	168,274,770	42,068,692	\$ -	\$ -	\$ -
Year 2	Casino	31,365,354	36,663,862	90,887,304	22,721,826			
	Hotel	150,971,800	19,542,625	264,672,041	66,168,010			
	Restaurants	38,265,732	4,953,328	67,084,511	16,771,128			
	Entertainment	47,145,264	6,102,744	82,651,417	20,662,854			
	Retail	4,704,803	609,016	8,248,096	2,062,024			
Subtotal		272,452,953	67,871,575	513,543,369	128,385,842	\$ 2,725,168	\$ 3,128,522	\$ 63,103
Year 3	Casino	-	-	92,414,512	23,103,628			
	Hotel	-	-	272,022,995	68,005,749			
	Restaurants	-	-	68,947,704	17,236,926			
	Entertainment	-	-	84,946,963	21,236,741			
	Retail	-	-	8,477,177	2,119,294			
Subtotal		-	-	526,809,350	131,702,337	\$ 8,316,706	\$ 9,547,670	\$ 192,579
Year 4	Casino	-	-	93,987,535	23,496,884			
	Hotel	-	-	279,594,477	69,898,619			
	Restaurants	-	-	70,866,793	17,716,698			
	Entertainment	-	-	87,311,374	21,827,844			
	Retail	-	-	8,713,130	2,178,283			
Subtotal		-	-	540,473,310	135,118,328	\$ 8,531,546	\$ 9,794,308	\$ 197,554
Year 5	Casino	-	-	95,607,750	23,901,937			
	Hotel	-	-	287,393,104	71,848,276			
	Restaurants	-	-	72,843,455	18,210,864			
	Entertainment	-	-	89,746,719	22,436,680			
	Retail	-	-	8,956,162	2,239,041			
Subtotal		-	-	554,547,189	138,636,797	\$ 8,752,830	\$ 10,048,345	\$ 202,677
TOTAL		\$ 437,255,298	\$ 71,344,000			\$ 28,326,250	\$ 32,518,845	\$ 655,913

APPENDIX 2
PINNACLE ENTERTAINMENT
ESTIMATED PROPERTY TAX REVENUE AT
2007 PROPERTY TAX RATE

APPENDIX 2, ASSUMPTIONS:

1. Tax rate will remain constant at 2007 amount:

Entity-Fund	Tax Rate*	*rate per \$1,000 of assessed value.
School District \$	64.7790	
Unified Government \$	74.3670	Includes Wyandotte County and Kansas City rates.
State \$	1.5000	

Source: Wyandotte County/Kansas City Unified Government Manager. Rates include all funds for which property tax revenues are collected.

Tax rates could decrease due to increase in assessed value but any change is at the discretion of the policy-making board and is not contemplated in this analysis.

2. Properties are valued using the fair market value approach. As no comparable sales data exists and this is considered to be a "new and unique" property, the analysis uses the replacement cost approach to value these properties. Source: "A Homeowner's Guide to Property Tax in Kansas." Kansas Department of Revenue.

3. Assessed value estimated at **25.0%** of appraised value for both real and personal property for commercial property
Source: Kansas Department of Revenue website.

4. Appraised value is inflated 3% annually for real property and not inflated for personal property to account for depreciation.

5. Property tax revenue is estimated in the year following construction and improvements to account for lien dates. Work-in-progress is included.

**APPENDIX 3
PINNACLE ENTERTAINMENT
SALES TAX REVENUE**

<u>YEAR</u>		<u>SQUARE FT. BUILT</u>	<u>CONSTRUCTION MATERIALS COST</u>	<u>FF&E PURCHASES</u>	<u>RETAIL SALES</u>	<u>TOTAL TAXABLE SALES</u>	<u>KANSAS CITY REVENUE</u>	<u>WYANDOTTE COUNTY REVENUE</u>	<u>STATE OF KANSAS REVENUE</u>
Year 1	Casino	33,333	\$ 6,843,251	\$ 3,316,525	\$ -	\$ 10,159,776			
	Hotel	160,444	32,938,824	97,626	-	33,036,451			
	Restaurants	40,667	8,348,766	24,745	-	8,373,511			
	Entertainment	50,103	10,286,090	30,487	-	10,316,577			
	Retail	5,000	1,026,488	3,042	-	1,029,530			
Subtotal		289,548	59,443,419	3,472,425	-	62,915,844	\$ 786,448	\$ 629,158	\$ 3,334,540
Year 2	Casino	66,667	14,770,790	36,663,862	-	51,434,653			
	Hotel	320,889	71,096,689	19,542,625	-	90,639,314			
	Restaurants	81,333	18,020,364	4,953,328	-	22,973,692			
	Entertainment	100,207	22,201,975	6,102,744	-	28,304,719			
	Retail	10,000	2,215,619	609,016	-	2,824,634			
Subtotal		579,095	128,305,438	67,871,575	-	196,177,013	\$ 2,452,213	\$ 1,961,770	\$ 10,397,382
Year 3	Casino	-	-	-	-	-			
	Hotel	-	-	-	-	-			
	Restaurants	-	-	-	41,049,852	41,049,852			
	Entertainment	-	-	-	8,710,597	8,710,597			
	Retail	-	-	-	9,900,000	9,900,000			
Subtotal		-	-	-	59,660,449	59,660,449	\$ 745,756	\$ 596,604	\$ 3,162,004
Year 4	Casino	-	-	-	-	-			
	Hotel	-	-	-	-	-			
	Restaurants	-	-	-	45,610,946	45,610,946			
	Entertainment	-	-	-	9,678,441	9,678,441			
	Retail	-	-	-	11,000,000	11,000,000			
Subtotal		-	-	-	66,289,388	66,289,388	\$ 828,617	\$ 662,894	\$ 3,513,338
Year 5	Casino	-	-	-	-	-			
	Hotel	-	-	-	-	-			
	Restaurants	-	-	-	46,979,275	46,979,275			
	Entertainment	-	-	-	9,968,795	9,968,795			
	Retail	-	-	-	11,330,000	11,330,000			
Subtotal		-	-	-	68,278,069	68,278,069	\$ 853,476	\$ 682,781	\$ 3,618,738
TOTAL		868,643	\$ 187,748,857	\$ 71,344,000	\$ 194,227,906	\$ 453,320,763	\$ 5,666,510	\$ 4,533,208	\$ 24,026,000

APPENDIX 3
PINNACLE ENTERTAINMENT
SALES TAX REVENUE

APPENDIX 3, ASSUMPTIONS:

1. Sales tax rate is as follows:
- | | <u>Designation</u> |
|---------------|--------------------|
| 1.250% | City |
| 1.000% | County |
| 5.300% | State |
| 7.550% | TOTAL |

Source: "All Jurisdictions and Rates in this Zip Code." Kansas Department of Revenue.

2. Materials Cost - 50% of construction cost is assumed to be materials cost.

Source: Discussion with Nevada contractors

3. Retail sales revenue for retail, food and beverage and entertainment components is shown using the Developer's estimates. Source: Developer's template.

APPENDIX 4
PINNACLE ENTERTAINMENT
LOTTERY GAMING CONTRIBUTION REVENUE

<u>YEAR</u>		<u>ESTIMATED GAMING REVENUE</u>	<u>BONNER SPRINGS REVENUE</u>	<u>EDWARDS- VILLE REVENUE</u>	<u>KANSAS CITY REVENUE</u>	<u>WYANDOTTE COUNTY REVENUE</u>	<u>STATE OF KANSAS REVENUE</u>	<u>STATE PROB. GAMBLING REVENUE</u>
Year 1	Casino	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year 2	Casino	-	-	-	-	-	-	-
Year 3	Casino	193,239,000	888,402	560,891	1,449,293	2,898,585	42,512,580	3,864,780
Year 4	Casino	198,069,975	910,612	574,913	1,485,525	2,971,050	43,575,395	3,961,400
Year 5	Casino	203,021,724	933,377	589,286	1,522,663	3,045,326	44,664,779	4,060,434
TOTAL		\$ 2,732,391	\$ 1,725,090	\$ 4,457,480	\$ 8,914,960	\$ 130,752,754	\$ 11,886,614	

APPENDIX 4, ASSUMPTIONS:

1. Estimated Gross Gaming Revenue (GGR) is the average GGR estimated in Wells and Cummings reports:

Wells GGR	\$ 180,178,000
Cummings GGR	206,300,000
Average	\$ 193,239,000

Source: Wells Gaming Research and Cummings Associates revenue forecasts of August 2008.

2. Local government revenue is estimated as follows:

State of Kansas	22.0%	of all lottery gaming revenues.
State Prob. Gambling	2.0%	of all lottery gaming revenues.
Wyandotte County	1.5%	of all lottery gaming revenues.
Kansas City	0.75%	of all lottery gaming revenues.
Bonner Springs	0.46%	of all lottery gaming revenues.
Edwardsville	0.29%	of all lottery gaming revenues.

Source: SB 66 and Interlocal Agreement between Kansas City, Bonner Springs, and Edwardsville.

Analysis assumes Kansas City will be the host city, retaining 50% of city-share and Bonner Springs and Edwardsville will split the remaining 50%. According to the interlocal agreement, revenue should be shared based on road miles and area of each jurisdiction. As this information was not available, the analysis uses population, as it is assumed to correlate to size and road length of the two locations:

	2007 Population	% of Total
Bonner Spring	7,069	61.30%
Edwardsville	4,463	38.70%

11,532 Source: US Census Bureau. "Population Finder."

3. Year 3 assumes first full year of operation for the facility.

**APPENDIX 5
PINNACLE ENTERTAINMENT
STATE INCOME TAX REVENUE**

<u>YEAR</u>		<u>ESTIMATED PAYROLL EXPENDITURES</u>	<u>ESTIMATED PAYROLL/ EMPLOYEE</u>	<u>STATE OF KANSAS INCOME TAX REVENUE</u>
Year 1	Construction	\$ 25,135,815	\$ 40,954	\$ 1,331,258
	Operating	-	-	-
Subtotal		25,135,815	40,954	1,331,258
Year 2	Construction	58,797,403	42,353	3,136,479
	Operating	-	-	-
Subtotal		58,797,403	42,353	3,136,479
Year 3	Construction	-	-	-
	Operating	51,390,432	27,526	2,441,765
Subtotal		51,390,432	27,526	2,441,765
Year 4	Construction	-	-	-
	Operating	57,100,472	27,532	2,713,255
Subtotal		57,100,472	27,532	2,713,255
Year 5	Construction	-	-	-
	Operating	58,813,496	28,358	2,820,319
Subtotal		58,813,496	28,358	2,820,319
TOTAL		\$ 251,237,618	\$	12,443,074

APPENDIX 5, ASSUMPTIONS:

1. Construction salary per employee is estimated at \$ **40,954** excluding benefits per Developer template. Salary is inflated 3% annually per Developer's template. Year 1 (2009) includes payroll information for the last quarter of 2008, for a total of 5 quarters.
2. Operating salary per employee is estimated at \$ **27,526** excluding benefits per Developer template. Salary is inflated by 3% annually per Developer's template.
3. Personal income tax revenue for the State is estimated as follows, using a 2007 schedule:
For a single person:
Taxable income between \$0 and \$15,000 is taxed at 3.5%
Taxable income between \$15,000 and \$30,000 is taxed at 6.25% plus the tax calculated on the first \$15,000
Taxable income over \$30,000 is taxed at 6.45% plus the tax calculated on the first \$30,000
Source: Kansas Department of Revenue. 2007 Kansas Individual Income Tax schedule.

APPENDIX 6
PINNACLE ENTERTAINMENT
ESTIMATED BUILDING PERMIT FEE REVENUE

<u>YEAR</u>	<u>LAND USE</u>	<u># OF SQ. FT. BUILT</u>	<u>CONSTRUCTION VALUATION</u>	<u>UNIFIED GOVERNMENT PERMIT REVENUE</u>
Year 1	Casino	100,000	\$ 15,810,000	\$ 64,345
	Hotel	481,333	67,040,060	269,265
	Restaurants	122,000	16,529,780	67,224
	Entertainment	150,310	26,695,056	107,885
	Retail	15,000	1,469,850	6,984
Total		868,643	\$ 127,544,746	\$ 515,704

APPENDIX 6, ASSUMPTIONS:

1. Construction Valuation is calculated as follows:

	<u>Suggested Value/Sq. Ft.</u>	
Casino	\$158.10	
Hotel	\$139.28	
Restaurants	\$135.49	
Entertainment	\$177.60	Source: "Building Valuation Data." Square Foot
Retail	\$97.99	Construction Costs table, values for IIB style construction.

Building permit fee revenue is estimated in Year 1 for the entire development prior to construction.

2. Commercial building permit fee calculation:

\$30	per first	\$30,000	plus
\$0.75	for each additional	\$100	of value.
\$225	for value between	\$30,000-1,000,000	plus
\$0.50	for each additional	\$100	of value.
\$5,105	for value above	\$1,000,000	plus
\$0.40	for each additional	\$100	of value.

Source: Wyandotte County/Kansas City Unified Government, County Administrator's Office.

3. Revenue for mechanical, plumbing, and electrical permit fee and sewer tapping and water meter fees is not estimated as the information required to estimate these fees is unknown.

APPENDIX 7
PINNACLE ENTERTAINMENT
TRANSIENT GUEST TAX REVENUE

<u>YEAR</u>		<u># OF ROOMS</u>	<u>ESTIMATED ROOM REVENUE</u>	<u>KANSAS CITY REVENUE</u>	<u>WYANDOTTE COUNTY REVENUE</u>	<u>STATE OF KANSAS REVENUE</u>
Year 1	Hotel	-	\$ -	\$ -	\$ -	\$ -
Year 2	Hotel	-	-	-	-	-
Year 3	Hotel	500	13,637,058	1,261,428	136,371	722,764
Year 4	Hotel	500	15,152,286	1,401,586	151,523	803,071
Year 5	Hotel	500	15,606,855	1,443,634	156,069	827,163
TOTAL			\$ 44,396,199	\$ 4,106,648	\$ 443,962	\$ 2,352,999

APPENDIX 7, ASSUMPTIONS:

- Sales tax rate is as follows:

	<u>Designation</u>
9.250%	City
1.000%	County
5.300%	State
15.550%	TOTAL

Source: "Transient Guest Tax Rates, Effective Dates, and Number of Active Accounts." Kansas Department of Revenue.

- Room revenue based on Developer's estimates. Source: Developer's template.
- Analysis assumes complementary rooms will have tax assessed.

**APPENDIX 8
PINNACLE ENTERTAINMENT
SUMMARY OF ESTIMATED REVENUE**

<u>YEAR</u>		<u>STATE OF KANSAS</u>	<u>KANSAS CITY SCHOOL DIST.</u>	<u>BONNER SPRINGS</u>	<u>EDWARDS- VILLE</u>	<u>WYANDOTTE COUNTY</u>	<u>KANSAS CITY</u>	<u>UNIFIED GOV'T TOTAL</u>
Year 1	Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Sales Tax Revenue	3,334,540	-	-	-	629,158	786,448	1,415,606
	Gaming Revenue	-	-	-	-	-	-	-
	Income Tax Revenue	1,331,258	-	-	-	-	-	-
	Building Permit Fee	-	-	-	-	515,704	-	515,704
	Transient Guest Tax	-	-	-	-	-	-	-
Subtotal		4,665,797	-	-	-	1,144,862	786,448	1,931,310
Year 2	Property Tax	63,103	2,725,168	-	-	3,128,522	-	3,128,522
	Sales Tax Revenue	10,397,382	-	-	-	1,961,770	2,452,213	4,413,983
	Gaming Revenue	-	-	-	-	-	-	-
	Income Tax Revenue	3,136,479	-	-	-	-	-	-
	Building Permit Fee	-	-	-	-	-	-	-
	Transient Guest Tax	-	-	-	-	-	-	-
Subtotal		13,596,964	2,725,168	-	-	5,090,293	2,452,213	7,542,505
Year 3	Property Tax	192,579	8,316,706	-	-	9,547,670	-	9,547,670
	Sales Tax Revenue	3,162,004	-	-	-	596,604	745,756	1,342,360
	Gaming Revenue	46,377,360	-	888,402	560,891	2,898,585	1,449,293	4,347,878
	Income Tax Revenue	2,441,765	-	-	-	-	-	-
	Building Permit Fee	-	-	-	-	-	-	-
	Transient Guest Tax	722,764	-	-	-	136,371	1,261,428	1,397,798
Subtotal		52,896,471	8,316,706	888,402	560,891	13,179,230	3,456,476	16,635,706
Year 4	Property Tax	197,554	8,531,546	-	-	9,794,308	-	9,794,308
	Sales Tax Revenue	3,513,338	-	-	-	662,894	828,617	1,491,511
	Gaming Revenue	47,536,794	-	910,612	574,913	2,971,050	1,485,525	4,456,574
	Income Tax Revenue	2,713,255	-	-	-	-	-	-
	Building Permit Fee	-	-	-	-	-	-	-
	Transient Guest Tax	803,071	-	-	-	151,523	1,401,586	1,553,109
Subtotal		54,764,011	8,531,546	910,612	574,913	13,579,774	3,715,729	17,295,503
Year 5	Property Tax	202,677	8,752,830	-	-	10,048,345	-	10,048,345
	Sales Tax Revenue	3,618,738	-	-	-	682,781	853,476	1,536,257
	Gaming Revenue	48,725,214	-	933,377	589,286	3,045,326	1,522,663	4,567,989
	Income Tax Revenue	2,820,319	-	-	-	-	-	-
	Building Permit Fee	-	-	-	-	-	-	-
	Transient Guest Tax	827,163	-	-	-	156,069	1,443,634	1,599,703
Subtotal		56,194,111	8,752,830	933,377	589,286	13,932,520	3,819,773	17,752,293
TOTAL		\$ 182,117,354	\$ 28,326,250	\$ 2,732,391	\$ 1,725,090	\$ 46,926,679	\$ 14,230,638	\$ 61,157,317

APPENDIX 8
PINNACLE ENTERTAINMENT
SUMMARY OF ESTIMATED REVENUE

APPENDIX 8, ASSUMPTIONS:

1. State of Kansas gaming revenue includes 2% gaming revenue for problem gambling fund.
2. Property tax revenue for the Unified Government is shown under Wyandotte County, but is attributed to both the County and Kansas City.
3. Revenue in the Unified Government Total column is the sum of estimated revenue for the Wyandotte County and Kansas City.

APPENDIX 9
PINNACLE ENTERTAINMENT
UNIFIED GOVERNMENT
STREETS DEPARTMENT COST PROJECTIONS

<u>YEAR</u>	<u>ROAD LANE- FEET ADDED</u>	<u>ANNUAL MAINTENANCE COST/LANE-FOOT</u>	<u>TOTAL MAINTENANCE COST</u>
Year 1	0	\$ 0.76	\$ -
Year 2	650	0.78	-
Year 3	0	0.80	522
Year 4	0	0.83	538
Year 5	0	0.85	554
TOTAL	650	\$	1,615

APPENDIX 9, ASSUMPTIONS:

1. A total of **650** lane-feet of pavement will be built for development access and maintained by the Unified Government.
Source: Wyandotte County/Kansas City Unified Government, County Administrator's Office.
2. Maintenance cost per lane-mile is estimated at \$ **4,000**
and per lane-foot of \$ **0.76** inflated 3% annually.
Source: Wyandotte County/Kansas City Unified Government, County Administrator's Office.

**APPENDIX 10
PINNACLE ENTERTAINMENT
UNIFIED GOVERNMENT
POLICE DEPARTMENT COST PROJECTIONS**

<u>YEAR</u>	<u>ESTIMATED POPULATION</u>	<u># OF UNIFORMED POSITIONS</u>	<u># OF NON-UNIFORMED POSITIONS</u>	<u>SALARIES & BENEFITS</u>	<u>SERVICES/ SUPPLIES</u>	<u>CAPITAL EQUIPMENT</u>	<u>TOTAL COST</u>
Year 1	0	0.0	0.0	\$ -	\$ -	\$ -	-
Year 2	0	0.0	0.0	-	-	-	-
Year 3	3,882	10.1	3.9	753,665	88,392	533,367	1,375,424
Year 4	3,882	10.1	3.9	783,812	91,927	-	875,739
Year 5	3,882	10.1	3.9	815,164	95,604	565,849	1,476,617
TOTAL				\$ 2,352,642	\$ 275,923	\$ 1,099,215	\$ 3,727,780

APPENDIX 10, ASSUMPTIONS:

- Estimated population includes half the commuting employees and daily visitors to the development and all new residents of the development (See Appendix 13 for calculation). Employees, residents and visitors are assumed in Year 3, first full year of operation.
- Uniformed positions are estimated using a ratio of **2.59** employees per 1,000 population.
Non-uniformed positions are estimated using a ratio of **1.00** employee per 1,000 population.
Source: Wyandotte County/Kansas City Unified Government, County Administrator's Office.
- The following salary and benefits information is used:

	Salary	Benefits	Total Cost
Uniformed \$	43,226	\$ 12,968	\$ 56,194
Non-uniformed	20,800	6,240	27,040

Benefits are estimated at **30%** of salary costs. Salary and benefits costs are increased 4% annually.
Source: Wyandotte County/Kansas City Unified Government, County Administrator's Office.

- Services/supplies are estimated at **12%** of salaries and benefits.

	2006	2007	2008	Average
Personnel (P) \$	37,176,526	\$ 36,520,054	\$ 38,222,573	\$ 37,306,384
Services/Supplies (SS)	4,577,958	4,274,090	4,274,090	4,375,379
Capital Projects (CP)	1,952,235	1,750,900	1,826,507	1,843,214
SS % of P	12%	12%	11%	12%
CP % of P*	5%	5%	5%	5% *not included in analysis, calculated below.

Source: Wyandotte County/Kansas City Unified Government Budget FY 2007-08. Three-year average (2006-2008) for the Police Department.

- The following capital costs are expected to be incurred:
One vehicle is added for each uniformed position at a cost of \$ **50,000** per vehicle, inflated 3% annually and replaced every 18 months.
Source: Wyandotte County/Kansas City Unified Government, County Administrator's Office.
- Employment-related costs such as a uniform allowance of **\$910** annually per officer and **\$50,000** one-time training fee per officer and annual vehicle maintenance costs of \$ **14,211** per vehicle are not included in the analysis as they are assumed to be covered by the Services/Supplies estimates above.
Source: Wyandotte County/Kansas City Unified Government, County Administrator's Office.

**APPENDIX 11
PINNACLE ENTERTAINMENT
UNIFIED GOVERNMENT
SUMMARY OF ESTIMATED COSTS**

YEAR	STREETS DEPARTMENT	POLICE DEPARTMENT	WASTEWATER DEPARTMENT	FIRE/EMS DEPARTMENT	COMMUNITY DEVELOPMENT	ADMIN. OVERHEAD	TOTAL COSTS
Year 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year 2	-	-	-	-	-	-	-
Year 3	522	1,375,424	-	-	-	134,267	1,510,213
Year 4	538	875,739	-	-	-	85,508	961,786
Year 5	554	1,476,617	-	-	-	144,145	1,621,316
TOTAL	\$ 1,615	\$ 3,727,780	\$ -	\$ -	\$ -	\$ 363,920	\$ 4,093,315

APPENDIX 11, ASSUMPTIONS:

1. See Appendices 9-10 for detailed calculations of all department costs.
2. According to the Wyandotte County/Kansas City Unified Government County Manager's Office, no additional Waste Water, Community Development and EMS/Fire department costs will be incurred.
3. Administrative overhead costs estimated at **10%** of all department costs estimated in this analysis.
Source: Wyandotte County/Kansas City Unified Government Budget. Three-year average indirect costs as percent of direct costs (2006-2008) for the General Fund and other funds for which costs are incurred.

Direct	2006	2007	2008	Average
Appraiser	2,575,982	3,513,499	3,037,620	3,042,367
Community Correct.	2,579,176	3,107,099	3,113,287	2,933,187
Emergency Manag.	898,313	2,618,444	2,138,657	1,885,138
Fire Department	39,623,581	40,096,328	42,489,614	40,736,508
Police Department	44,056,351	43,178,454	44,956,580	44,063,795
Sheriff	16,465,641	17,585,021	17,144,004	17,064,889
Court Trustees	334,618	418,439	434,039	395,699
District Attorney	3,699,118	3,892,956	4,034,802	3,875,625
District Court	2,231,890	3,185,043	2,960,001	2,792,311
Law Library	30,879	31,662	30,377	30,973
Municipal Court	1,468,512	1,508,985	1,553,899	1,510,465
Process Servers	646,957	639,269	652,398	646,208
Aging	2,943,667	4,732,730	4,825,263	4,167,220
Community Programs	10,648,272	10,148,700	9,376,311	10,057,761
Coroner	225,154	200,152	203,481	209,596
Economic Development	5,350,220	5,080,672	3,957,476	4,796,123
Elections	1,239,337	1,368,368	1,384,967	1,330,891
Health Department	7,403,746	10,471,447	11,070,401	9,648,531
Historical Museum	233,853	276,367	249,618	253,279
Human Services	3,170,125	3,731,092	3,735,564	3,545,594
Mental Health	636,950	643,428	661,741	647,373
Neighborhood Resource Ctr.	5,172,941	4,464,883	3,999,153	4,545,659
Parks and Recreation	7,837,624	9,083,406	8,944,325	8,621,785
Register of Deeds	1,173,854	1,571,824	615,567	1,120,415
Transit	3,868,232	5,003,429	5,148,176	4,673,279
Planning/Zoning	801,690	710,681	739,666	750,679
Public Works	61,416,961	53,583,480	63,267,107	59,422,516
Soil Conservation	55,456	60,324	62,054	59,278
County Fair	189,315	204,888	204,888	199,697
Library	1,071,455	1,544,019	1,718,896	1,444,790
Convention and Visitor's	680,000	545,530	800,000	675,177
Total	228,729,870	233,200,619	243,509,932	235,146,807

APPENDIX 11
PINNACLE ENTERTAINMENT
UNIFIED GOVERNMENT
SUMMARY OF ESTIMATED COSTS

Indirect	2006	2007	2008	Average
Administration/Clerk	1,530,481	1,479,832	1,552,957	1,521,090
COD Administration	155,033	209,310	224,354	196,232
County Administrator	1,036,002	1,154,792	1,316,300	1,169,031
Finance	3,997,285	4,810,705	5,239,581	4,682,524
Human Resources	1,297,075	1,243,934	1,311,926	1,284,312
Legal	2,818,711	3,310,196	3,319,855	3,149,587
Legislative Auditor	607,934	747,118	774,335	709,796
OS Business Office	186,881	187,116	201,290	191,762
Procurement/Contract	530,460	629,747	644,315	601,507
Technology	6,714,805	6,076,022	6,059,461	6,283,429
Public Safety Business	2,029,674	1,598,988	1,593,406	1,740,689
Extension Council	383,139	488,665	425,045	432,283
Special Community Grants	767,365	1,032,810	1,151,037	983,737
Total	22,054,845	22,969,235	23,813,862	22,945,981
 % Indirect of Direct	 10%	 10%	 10%	 10%

**APPENDIX 12
PINNACLE ENTERTAINMENT
KANSAS CITY SCHOOL DISTRICT
ESTIMATED SURPLUS/DEFICIT**

<u>YEAR</u>	<u>GENERAL STATE AID</u>	<u>LOCAL EFFORT</u>	<u>TOTAL CONTRIBUTION</u>	<u>TOTAL COSTS</u>	<u>ANNUAL SURPLUS/ (DEFICIT)</u>	<u>CUMULATIVE SURPLUS/ (DEFICIT)</u>
Year 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year 2	-	2,725,168	2,725,168	-	2,725,168	2,725,168
Year 3	-	8,316,706	8,316,706	-	8,316,706	11,041,874
Year 4	-	8,531,546	8,531,546	-	8,531,546	19,573,420
Year 5	-	8,752,830	8,752,830	-	8,752,830	28,326,250
TOTAL	\$ -	\$ 28,326,250	\$ 28,326,250	\$ -	\$ 28,326,250	

APPENDIX 12, ASSUMPTIONS:

1. Analysis assumes little or no cost impact of this development on the School District as all jobs will be filled by existing residents. Therefore, no new students are projected.
2. State general aid amount is estimated by subtracting revenue generated through the "local effort" from the State Financial Aid amount estimated by the state. State Financial Aid amount (shown above as Total Contribution) is estimated at **\$ 4,374** per pupil using an FY 2007-08 rate. Source: "School District Finance and Quality Performance Act and Bond and Interest State Aid Program." 2007-08 Edition. Kansas Legislative Research Department.
As the development is not expected to generate new students, only the Local Effort revenue is considered in this analysis.
3. Local Effort includes school district's property tax revenue only; other revenue sources are a small percentage of the total and are not estimated. Property tax revenue estimated for Kansas City School District in Appendix 2.
4. The school district's surplus could lead to a reduction in the property tax rate and/or be remitted to the State.

APPENDIX 13
PINNACLE ENTERTAINMENT
ESTIMATED NUMBER OF DAILY VISITORS,
EMPLOYEES AND RESIDENTS REQUIRING SERVICES

YEAR	ESTIMATED TOTAL NO. OF EMPLOYEES	EMPLOYEES RESIDING OUTSIDE CO.	NEW EMPLOYEES MOVING TO THE AREA	NEW RESIDENTS MOVING TO THE AREA	ESTIMATED NO. OF DAILY VISITORS	NEW PEOPLE REQUIRING SERVICES
Year 3	2,074	1,203	-	-	6,561	3,882

APPENDIX 13, ASSUMPTIONS:

1. Employees:

- a. The development is estimated to require approximately **2,074** employees.
Source: Developer's revised application (final template).
- b. Approximately **42%** of all employees will live in Wyandotte County, based on historical work-residence data.
Source: US Census Bureau. County-To-County Worker Flow Files. 2000, Kansas City Counties. Data for Wyandotte County.
- c. Wyandotte County currently (2008) has an unemployment rate of **6.9%** which is higher than the normal rate of 4%.
Source: US Department of Labor, Bureau of Labor Statistics. Local Area Unemployment Statistics. By County. Data for Wyandotte County.
Analysis assumes all employees of the development will be existing unemployed residents and no net new employees are expected.

2. Residents:

The development will not include a residential component and therefore no residents are estimated for the development.

3. Visitors:

- a. Report by Richard Wells estimated approximately **6,958** daily visitors to the development, some of which will be local residents. Will Cummings' report estimated approximately **6,428** daily visitors to the development, including local residents. The analysis uses the average of these **6,693**
Source: Wells Gaming Research and Cummings Associates visitor forecasts of August 2008.
- b. Developer's application estimates a locals' penetration rate of **31.0%** with approximately **155,509** County residents in 2006. The analysis assumes number of local visitors at **48,208** or approximately **132.1** visits a day. The analysis assumes no additional costs associated with these local visitors, costs are estimated only for the **6,561** non-local visitors.

Source: Customer penetration information from the template provided by the developer. Population information from US Census Bureau, "State & County Quick Facts."

4. Impacts:

Total people in the area requiring services estimated as follows:

- 50%** of all commuting employees and daily visitors.
- 0%** of all employees residing in the City (those currently unemployed).
- 100%** of all new residents moving to the County.

To determine the cost of services, the analysis considers visitors and commuting employees as residents and assumes 1/2 of them will require services. Development employees living in the City will not require incremental services as they are already accounted for in the current budget.